

ORIGINAL

OPEN MEETING



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MEMORANDUM  
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Arizona Corporation Commission

DOCKETED

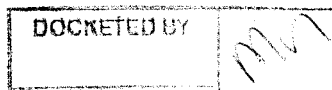
DEC - 2 2009

TO: THE COMMISSION

FROM: Utilities Division

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: December 2, 2009



RE: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC. -  
APPLICATION FOR APPROVAL OF ITS ESTIMATION METHODOLOGIES  
SCHEDULE EM TARIFF (DOCKET NO. E-01575A-08-0328)

On June 30, 2008, Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC" or "Company") filed an Application for a general rate increase docketed as Docket No. E-01575A-08-0328. On September 8, 2009, the Commission issued Decision No. 71274, which in part, ordered SSVEC to file for approval of a tariff describing its bill estimation methodologies. Pursuant to Decision No. 71274, on October 7, 2009 SSVEC filed its proposed Estimation Methodologies Schedule EM tariff ("Schedule EM"). It should be noted that Decision No. 71274 approved a rate increase for SSVEC and on September 28, 2009, the Company filed an application for rehearing. The Commission voted to grant SSVEC's request for a rehearing at a Special Open Meeting on October 13, 2009. Decision No. 71274 remains in effect pending the outcome of the rehearing.

**Commission Decision No. 71274**

Commission Decision No. 71274 focuses on revenues, rate base and other rate design matters, but the Decision also references SSVEC's bill estimation methodologies. Staff recommended that the Commission require SSVEC to submit a separate tariff describing its bill estimation procedures that include, but are not be limited to, methodologies for estimating energy usage (kWh), demand usage (kW) and time-of-use billing parameters. Bill estimates are required in cases where actual meter reads are not attainable. For example, such cases usually involve severe weather conditions, dangerous or unsafe circumstances, and damaged meters.

In the Decision the Commission required SSVEC to file a separate tariff in accordance with Staff's recommendations. Staff also recommended that the proposed tariff include: (a) a description of conditions that require estimated billings; (b) guidelines for estimating first and final billings when normal meter reads are unattainable; and, (c) procedures for developing estimated billings when, for example, normal meter reads are unattainable due to damaged meters. The following amended proposed tariff page (amended to correct minor typographical errata) summarizes the Company's proposed bill estimation methodologies:

## ESTIMATION METHODOLOGIES SCHEDULE EM

### Estimation Procedures

SSVEC currently utilizes a customer information system (CIS) and/or billing personnel for billing, bill calculations, and bill estimations.

- A. Detailed descriptions of estimation procedures for each of the conditions are numbered 1-12 below include but are not limited to:

	Conditions for Estimated Bills	Estimation Procedures
1.	A kWh estimate with at least one year of history for the same customer at the same premise or new customer with at least one year of premise history.	Estimate using the kWh, same month one year prior and/or the amount of usage during the preceding month, from the same premise.
2.	A kWh estimate with less than 12 months' history for the same customer at the same premise.	Estimate using the kWh of the preceding month from the same premise.
3.	A kWh estimate with less than 12 months' history for a new customer but with history on the premise.	Estimate using the kWh of the preceding month from the same premise.
4.	A kWh estimate with no prior consumption history.	Bill the fixed monthly customer charge plus applicable taxes only. The kWh will be billed with the next valid read in accordance with the Arizona Administrative Code.
5.	A kW estimate with at least one year of history for the same customer at the same premise or new customer with one year of premise history.	Calculate the estimate using the kW, same month one year prior and/or the preceding month, from the same premise.
6.	A kW estimate with less than 12 months' history for the same customer at the same premise.	Calculate the estimate using the kW of the preceding month from the same premise.
7.	A kW estimate with less than 12 months' history for a new customer but with history on the premise.	Calculate the estimate using the kW of the preceding month from the same premise.
8.	A kW estimate with no prior consumption history.	Do not estimate, a service order is issued for a meter technician to obtain a valid read.
9.	A Time-of-Use estimate with at least one year of history for the same customer at the same premise or new customer with at least one year of premise history.	Time-of-Use has two readings, "on-peak" and "off-peak". Calculate the estimate using the "on-peak" and "off-peak" kWh reads, same month one year prior and/or the preceding month from the same premise.

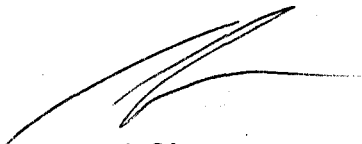
10.	A Time-of-Use estimate with less than 12 months' history for the same customer at the same premise.	Time-of-Use has two readings, "on-peak" and "off-peak". Calculate the estimate using the "on-peak" and "off-peak" kWh of the preceding month from the same premise.
11.	A Time-of-Use estimate with less than 12 months history for a new customer but with history on the premise.	Time-of-Use has two readings, "on-peak" and "off-peak". Calculate the estimate using the "on-peak" and "off-peak" kWh of the preceding month from the same premise.
12.	A Time-of-Use estimate with no prior consumption history for a new customer at a new premise.	Bill the fixed monthly customer charge plus applicable taxes only. The kWh will be billed with the next valid read in accordance with the Arizona Administrative Code.

### Staff's Recommendations

Staff has reviewed SSVEC's proposed tariff filing and recommends approval of the Company's Schedule EM as amended herein. Through the review, Staff verified that the proposed tariff embodies all of Staff's recommendations, such as defining conditions under which electric billings would be estimated, and describing the methodologies that would be used in deriving billing amounts. Staff also verified that the proposed tariff conforms to the Arizona Administrative Code, and is identical to similar bill estimation tariffs approved by the Commission for other cooperatives such as Graham County Electric and Trico Electric.

Staff further recommends that SSVEC implement the bill estimation methodologies proposed in Schedule EM, as approved, by January 4, 2010. As a compliance item in this matter, the Company shall docket a letter by January 15, 2010, stating that the implementation is complete.

Staff further recommends that SSVEC docket, as a compliance item in this matter, tariff pages for Schedule EM, that are consistent with the terms of this Decision within 15 days from the effective date of the Decision.



Steven M. Olea  
Director  
Utilities Division

SMO:WHM:lhbm\WVC

ORIGINATOR: William Musgrove

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 KRISTIN K. MAYES  
Chairman

3 GARY PIERCE  
Commissioner

4 PAUL NEWMAN  
Commissioner

5 SANDRA D. KENNEDY  
Commissioner

6 BOB STUMP  
Commissioner

7  
8 IN THE MATTER OF THE APPLICATION )  
9 OF SULPHUR SPRINGS VALLEY )  
10 ELECTRIC COOPERATIVE, INC. FOR )  
11 APPROVAL OF ITS ESTIMATION )  
12 METHODOLOGIES SCHEDULE EM )  
13 TARIFF )

DOCKET NO. E-01575A-08-0328

DECISION NO. \_\_\_\_\_

ORDER

14 Open Meeting  
15 December 15 and 16, 2009  
Phoenix, Arizona

16 BY THE COMMISSION:

17 FINDINGS OF FACT

18 1. Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC", "Sulphur Springs" or  
19 "Company") is certificated to provide electric service as a public service corporation in the State of  
20 Arizona.

21 2. On June 30, 2008, SSVEC filed an Application for a general rate increase docketed  
22 as No. E-01575A-08-0328.

23 3. On September 8, 2009, the Commission issued Decision No. 71274, which in part,  
24 ordered SSVEC to file for approval of a tariff describing its bill estimation methodologies.

25 4. Pursuant to Decision No. 71274, on October 7, 2009, SSVEC filed its proposed  
26 Estimation Methodologies Schedule EM tariff ("Schedule EM").

27 5. It should be noted that Decision No. 71274 approved a rate increase for SSVEC and  
28 on September 28, 2009, the Company filed an application for rehearing. The Commission voted to

grant SSVEC's request for a rehearing at a Special Open Meeting on October 13, 2009. Decision No. 71274 remains in effect pending the outcome of the rehearing.

**Commission Decision No. 71274**

6. Commission Decision No. 71274 focuses on revenues, rate base and other rate design matters, but the Decision also references SSVEC's bill estimation methodologies.

7. Staff recommended that the Commission require SSVEC to submit a separate tariff describing its bill estimation procedures that include, but are not be limited to, methodologies for estimating energy usage (kWh), demand usage (kW) and time-of-use billing parameters.

8. Bill estimates are required in cases where actual meter reads are not attainable. For example, such cases usually involve severe weather conditions, dangerous or unsafe circumstances, and damaged meters.

9. In the Decision the Commission required SSVEC to file a separate tariff in accordance with Staff's recommendations. Staff also recommended that the proposed tariff include: (a) a description of conditions that require estimated billings; (b) guidelines for estimating first and final billings when normal meter reads are unattainable; and, (c) procedures for developing estimated billings when, for example, normal meter reads are unattainable due to damaged meters. The following amended proposed tariff page (amended to correct minor typographical errata) summarizes the Company's proposed bill estimation methodologies:

**ESTIMATION METHODOLOGIES  
SCHEDULE EM**

**Estimation Procedures**

SSVEC currently utilizes a customer information system (CIS) and/or billing personnel for billing, bill calculations, and bill estimations.

A. Detailed descriptions of estimation procedures for each of the conditions are numbered 1-12 below include but are not limited to:

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### Staff's Recommendations

10. Staff reviewed SSVEC's proposed tariff filing and recommended approval of the Company's Schedule EM as amended herein. Through the review, Staff verified that the proposed tariff embodies all of Staff's recommendations, such as defining conditions under which electric

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1 billings would be estimated, and describing the methodologies that would be used in deriving  
2 billing amounts.

3 11. Staff also verified that the proposed tariff conforms to the Arizona Administrative  
4 Code, and is identical to similar bill estimation tariffs approved by the Commission for other  
5 cooperatives such as Graham County Electric and Trico Electric.

6 12. Staff further recommended that SSVEC implement the bill estimation  
7 methodologies proposed in Schedule EM, as approved, by January 4, 2010.

8 13. As a compliance item in this matter, Staff recommended that the Company docket a  
9 letter by January 15, 2010, stating that the implementation is complete.

10 14. Staff further recommended that SSVEC docket, as a compliance item in this matter,  
11 tariff pages for Schedule EM, that are consistent with the terms of this Decision within 15 days  
12 from the effective date of the Decision.

#### 13 CONCLUSIONS OF LAW

14 1. Sulphur Springs is a public service corporation within the meaning of Article XV,  
15 Section 2, of the Arizona Constitution.

16 2. The Commission has jurisdiction over Sulphur Springs and the subject matter of the  
17 Application.

18 3. Approval of Sulphur Springs' proposed Schedule EM, as filed, does not constitute a  
19 rate increase as contemplated by A.R.S. Section 40-250.

20 4. The Commission, having reviewed the Application and Staff's Memorandum dated  
21 December 2, 2009, concludes that it is in the public interest to approve Schedule EM as filed.

#### 22 ORDER

23 IT IS THEREFORE ORDERED that Sulphur Springs Valley Electric Cooperative, Inc.'s  
24 Schedule EM, as amended, be and hereby is approved as discussed herein.

25 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc.  
26 implement the bill estimation methodologies, as approved, by January 4, 2010.

27 ...

28 ...

1 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. shall  
2 docket, as a compliance item in this matter, a letter by January 15, 2010, stating that the  
3 implementation is complete.

4 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. shall  
5 docket, as a compliance item in this matter, tariff pages for Schedule EM consistent with the terms  
6 of this Decision within 15 days from the effective date of the Decision.

7 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

8  
9 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

10  
11 \_\_\_\_\_  
12 CHAIRMAN

COMMISSIONER

13  
14 \_\_\_\_\_  
15 COMMISSIONER

COMMISSIONER

COMMISSIONER

16 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,  
17 Executive Director of the Arizona Corporation Commission,  
18 have hereunto, set my hand and caused the official seal of  
19 this Commission to be affixed at the Capitol, in the City of  
20 Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

21 \_\_\_\_\_  
22 ERNEST G. JOHNSON  
23 EXECUTIVE DIRECTOR

24 DISSENT: \_\_\_\_\_

25 DISSENT: \_\_\_\_\_

26 SMO:WHM:lhv\WVC  
27  
28



1 SERVICE LIST FOR: Sulphur Springs Valley Electric Cooperative, Inc.  
2 DOCKET NO. E-01575A-08-0328

3 Mr. John V. Wallace  
4 Grand Canyon State Electric  
5 Cooperative Association, Inc.  
6 120 North 44<sup>th</sup> Street, Suite 100  
Phoenix, Arizona 85034

7 Mr. Steven M. Olea  
8 Director, Utilities Division  
9 Arizona Corporation Commission  
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10 Ms. Janice M. Alward  
11 Chief Counsel, Legal Division  
12 Arizona Corporation Commission  
1200 West Washington Street  
13 Phoenix, Arizona 85007